

SEP 22 1995



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: September 22, 1995
TO: William Talbott, Executive Director
FROM: Walter D'Haeseleer, Director, Division of Communications *WD*
RE: Docket No. 920260-TL - Replacement Pages Reflecting Housekeeping Changes for the Recommendation

In order to minimize confusion at the September 26, 1995 agenda conference, staff proposes to replace seven pages of its staff recommendation. The changes are housekeeping in nature and do not materially affect the recommendation.

Staff has highlighted the changes so that they are more easily recognized. Table 1 had three duplicate routes, which were removed from the table, therefore this will not be reflected by a highlight.

c: Mary Bane, Deputy Executive Director/Technical

Blanca,

9/22/95

*I agree. Please distribute
 as appropriate + don't def
 items! T Bane *WB**

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 DATE: AUGUST 31, 1995

TABLE 1

Routes*	4 M/A/M or Greater
Boca Raton/Ft. Lauderdale	Yes
Coral Springs/Hollywood	Leapfrog result of Coral Sprg/Miami
Coral Springs/Miami	Yes
Coral Springs/North Dade	Leapfrog result of Coral Sprg/Miami
Fort Pierce/Vero Beach	Both directions met 4 M/A/M
Hobe Sound/West Palm Bch	Yes
Homestead/Islamorada	Leapfrog result of Islamorada/Miami
Homestead/Key Largo	Leapfrog result of Key Largo/Miami
Homestead/North Key Largo	Leapfrog result of N. Key Largo/Miami
Islamorada/Miami	Yes
Islamorada/N. Key Largo	Leapfrog result of Key Largo/Miami
Islamorada/Perrine	Leapfrog result of Islamorada/Miami
Jupiter/Stuart	Yes
Key Largo/Miami	Leapfrog result of Key Largo/Miami
Key Largo/Perrine	Leapfrog result of Key Largo/Miami
North Key Largo/Miami	Yes
North Key Largo/Perrine	Leapfrog result of N. Key Largo/Miami
Stuart/West Palm Bch	Yes
Archer/Cedar Key	Leapfrog result of Cedar Key/Gainesville
Archer/Chiefland	Leapfrog result of Chiefland/Gainesville
Bunnell/Daytona Beach	Yes
Cedar Key/Gainesville	Yes
Chiefland/Gainesville	Yes
Chiefland/Newberry	Leapfrog result of Chiefland/Gainesville
Fernandina Beach/Fort George	Leapfrog result of Fernandina Bch/ Jacksonville
Fernandina Beach/Jacksonville	Yes
Flagler Beach/Daytona Beach	Yes
Fort George/Jacksonville Bch	Yes (DN 940337-TL - set for hearing)
Lynn Haven/Vernon	Leapfrog result of Vernon/Panama City

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Palm Coast/Daytona Beach	Yes
St. Augustine/Jacksonville	Yes
Vernon/Panama City	Yes

*(Includes both directions)

NOTE: Some of Southern Bell's proposed ECS routes are being resolved in other dockets. The revenue losses for these ECS routes will be included as part of the revenue loss in this docket (EAS revenue loss will not be included). These ECS routes are:

- 1) Docket No. 921195-TL, the Commission approved ECS on the Belle Glade/West Palm Bch, Boca Raton/West Palm Bch, Delray Bch/West Palm Beach, Pahokee/West Palm Beach routes and converted the Boynton Bch/Boca Raton route from \$.25 per call to ECS.
- 2) Docket No. 941144-TL, the Commission will decide at the 9/12 agenda whether to approve EAS on the Big Pine Key/ Key West route (ballot passed EAS requirements)
- 3) Docket No. 950221-TL, the Commission approved ECS on the DeBary/ Orlando route.

Staff also believes it is appropriate to convert the 38 existing \$.25 plans to ECS as proposed by Southern Bell. If the \$.25 plans are not converted to ECS, there will be exchanges that have both \$.25 plans and ECS plans. Converting all of Southern Bell's existing \$.25 plan routes to ECS should reduce consumer confusion.

In computing revenue impact, staff used a 50% stimulation factor for routes being converted from toll to ECS. This is consistent with the stimulation factor Southern Bell's witness stated he used in his calculations. (TR 158) With stimulation, staff estimates an annual revenue loss of \$9,486,516. Including the conversion of the \$.25 plans to ECS, staff estimates an annual revenue loss for Southern Bell of \$10,439,232. Unstimulated, staff estimates an overall annual revenue loss, including the conversion of the \$.25 plan routes to ECS, of \$20,585,832.

Staff recommends that the routes listed in Table 1 be considered for ECS in Issue 1 (d). In addition, staff recommends that the 38 existing \$.25 plan routes listed in Southern Bell's proposal be converted to ECS.

ALTERNATIVE STAFF ANALYSIS: Staff believes that approval of Southern Bell's amended ECS plan as basic local telecommunications service is in the public interest, consistent with Commission precedent, consistent with Order No. PSC-94-0172-FOF-TL, and

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ISSUE 1 D: Should the following proposal to dispose of \$25 million for Southern Bell be approved?

d) Any other plan deemed appropriate by the Commission.

RECOMMENDATION: The Commission should approve a plan which implements ECS on 64 of the 248 toll routes proposed by Southern Bell (Table 1) as well as the conversion of 38 \$.25 plan routes to ECS. Implementation of these 102 ECS routes would represent \$10,439,232, including stimulation factor of 50%, in revenue losses. These ECS routes are listed in Table 1 below. The remaining \$14,560,768 from the \$25 million should be used to reduce the PBX trunk rates and DID Service rates. Staff's recommended rate reductions and new rates for PBX and DID are provided in Table 2. [CHASE, SHELFER]

POSITIONS OF PARTIES:

SOUTHERN BELL: The suggestion by Ad Hoc and ATT that PBX and DID services be repriced should be rejected because it benefits only business customers and because there has already been a recent rate reduction for these services.

ATT: Both Southern Bell's proposal and CWA's proposal should be rejected. The Commission should utilize the available funds to implement the proposal of McCaw and FMCA, and should use the remaining funds to reduce the charges for Direct Inward Dialing ("DID") and PBX trunks.

CWA: No.

DOD/FEA: The Commission should adopt the alternative recommended in the Basic Position of the DOD/FEA, applying the \$25 million to reprice PBX trunks and DID services toward costs.

AD HOC: Southern Bell's ECS proposal should be rejected as a predatory attempt to lock up the Florida toll market at the same time at which Southern Bell becomes deregulated. The only realistic alternative that will foster competition is to apply the reduction to PBX/DID services as proposed by Ad Hoc.

FCTA: The Commission should not adopt any plan that is geared toward remonopolizing markets and stifling the provision of the widest possible array of consumer choice among telecommunications services.

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Therefore, staff recommends that the Commission should approve 64 of the 248 toll routes proposed by Southern Bell (Table 1) as well as the conversion of 38 \$.25 plan routes to ECS. Implementation of these ECS routes would represent \$10,439,232, including a stimulation factor of 50%, in revenue losses. Staff recommends that the remaining monies (\$14,560,768) from the \$25 million be used to lower PBX and DID rates. Table 2 provides the rate reductions, revenue effects and new rates for PBX and DID Service. The \$14,560,768 would reduce PBX and DID rates by

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approximately 25%. Staff's recommended rate reductions and new rates for PBX and DID are provided in Table 2.

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Table 2

PBX Rates By Rate Group	Old Rate	New Rate	Difference
1	\$33.66	\$25.44	\$8.22
2	\$35.36	\$26.73	\$8.63
3	\$37.23	\$28.14	\$9.09
4	\$38.93	\$29.43	\$9.50
5	\$40.55	\$30.65	\$9.90
6	\$42.33	\$32.00	\$10.33
7	\$43.78	\$33.09	\$10.69
8	\$45.22	\$34.18	\$11.04
9	\$46.58	\$35.21	\$11.37
10	\$47.60	\$35.98	\$11.62
11	\$48.62	\$36.75	\$11.87
12	\$49.47	\$37.39	\$12.08
Green Cove Springs with Rotary	\$92.00	\$69.54	\$22.46
Green Cove Springs without Rotary	\$76.00	\$57.45	\$18.55
DID Rate Changes			
	Old Rate	New Rate	Difference
1st 20 Numbers	\$4.00	\$3.00	\$1.00
Each additional	\$4.00	\$3.00	\$1.00
Trunk Termination	\$21.80	\$16.50	\$5.30
MF Pulsing Option	\$7.50	\$5.90	\$1.60
Dialtone MF Pulsing Option	\$7.50	\$5.90	\$1.60

Source: Supplement to EXH 7